

**B.C. Leads All Provinces in Population Growth**

According to the latest estimates by Statistics Canada, British Columbia led all provinces in population growth from January 1 to April 1 of this year, rising by a quarterly rate of 0.37%. B.C.’s population reached 4,510,858 residents, up 1.6% from a year earlier. Positive net migration continued to drive growth in B.C., accounting for about 84% of the net population gain during the quarter.

Based on data adapted from Statistics Canada, seasonally adjusted population growth remained robust during the first quarter, expanding at an annualized rate of about 1.7%, which was slightly lower than the pace recorded during the fourth quarter of 2009. Seasonally adjusted net-migration reached 15,100 individuals during the first quarter, representing a 5.5% drop from the previous quarter.

International immigration, which is B.C.’s key component of population growth, led the decline

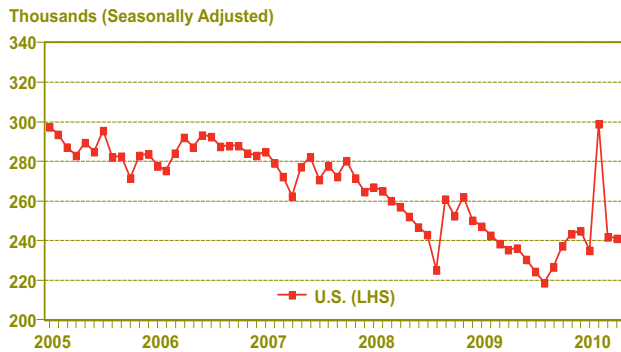
after recording two consecutive quarterly increases. Nonetheless, international net-migration remained elevated in the context of the last 5-to-10-year period. Given Canada’s stable political environment, B.C.’s proximity to other international locales and its natural environment, international migrants will continue to be attracted to B.C.

On the domestic front, B.C. attracted more residents from other provinces than it lost during the first quarter, and an uptrend in net interprovincial migration to B.C. has been observed since the second quarter. This reflects a relative improvement in the employment environment vis-à-vis Alberta and Ontario during the recession. On an unadjusted basis, net interprovincial migration reached 1,642 individuals in the first quarter. According to B.C. Stats, 47% of the in-migrants to B.C. during this period were from Alberta and 28% arrived from Ontario.

Central 1 Credit Union forecasts that B.C.’s population level will rise 1.6% this year and 1.7% in 2011.

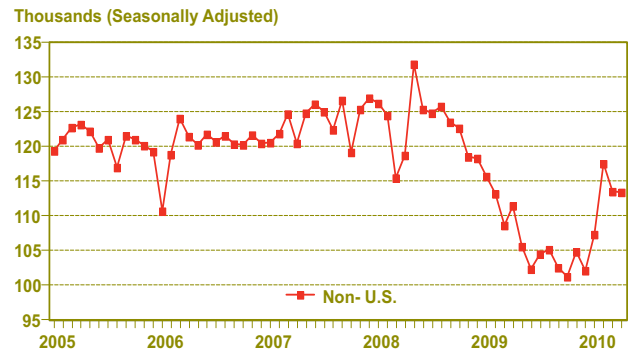


### U.S. Tourists to B.C. Monthly



Source: Statistics Canada and Central 1 Credit Union.

### Non- U.S. International Tourists to B.C. Monthly



Source: Statistics Canada and Central 1 Credit Union.

## Spotlight on Tourism

### Tourist Entries Edge Lower in April

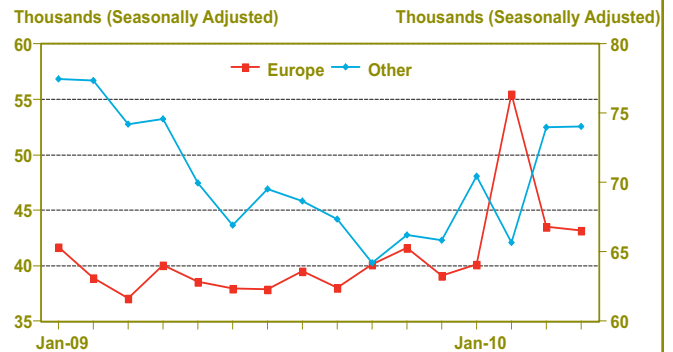
International non-resident traveller entries to British Columbia, adjusted for seasonal factors, edged down in April to 354,484 visitors, representing a 0.3% decline from March. U.S. travel entries dipped 0.4%, while non-U.S. international entries fell by just 0.1%. With the completion of the Paralympic Games in March, a modest drop in travellers was expected in April. Entries had already declined 15% in March, reflecting the outflow of visitors after February's Olympic Games.

While U.S. travel to B.C. has reverted to pre-Olympic levels, non-U.S. international entries have been surprisingly robust on the surface. Despite dipping by 3.5% in March, non-U.S. international entries remained 8% above the average of December/January readings. In contrast, U.S. entries were up about only 0.5% during the same period.

### Is Non-U.S. Tourism Really Robust?

International entry figures suggest that B.C. might be able to rely on non- U.S. tourism demand as a cushion against the drop in U.S. activity. However, the recent stability in non-U.S. international entry figures in March and April might still reflect an Olympic effect. As noted in a previous Briefing, non-U.S. international entries rose by an underwhelming 9.5% in February. This entire gain was attributed to a rise in travellers from Europe and Oceania, up 38% and

### Non- U.S. International Tourists to B.C. Monthly



Source: Statistics Canada and Central 1 Credit Union.

3.5%, respectively. By contrast, entries from Asia fell 9%, while those from South America dropped 17% and those from Central America and the Caribbean slipped by 6%.

During the post-Olympic months, European entries declined by 21% in March and 1% in April, but this was largely offset by increases from other parts of the world. In addition, significant increases of entries from Asia, South America, and Central America and the Caribbean were observed in January. This suggests that a large proportion of non-European and American tourists to B.C. scheduled their visits strategically, to avoid the Olympics. As a result, non-U.S. international travel could edge lower in the coming months as tourist

behaviour adjusts to the post-Olympic environment. Nonetheless, international tourism is expected to remain higher than during the recession and the pre-Olympic period.

### Looking Forward

Travel from the U.S. had been on a downtrend even before the recent recession. Since 2002, average monthly U.S. entries into B.C. have fallen from over 300,000 to the current 240,000. As a result, the U.S. share of total entries has declined from 74% in 2002 to below 69% in recent years<sup>1</sup>. U.S. tourist entries are unlikely to record a significant rise in the short to medium term. The higher Canadian exchange rate, increased border security, and weak U.S. consumer and business spending have made travel to B.C. and Canada a less attractive option for Americans.

B.C. will likely rely more heavily on the non-U.S. international travel market, given the relatively stronger economies in emerging markets and Asia, which have better weathered the recession. As an added boost for Canada, and B.C. in particular, the **Approved Destination Status** (ADS) agreement between Canada and China was signed on June 24. The ADS agreement will allow Canada to receive tour groups from China (rather than only individual travellers) and market directly in the Chinese market. Given that China's travel market continues to expand, increased exposure for Canada should lead to increased tourist visits from China.

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<sup>1</sup> U.S. share of entries actually surpassed 75% in 2003, but that was the result of a collapse in non- U.S. entries due to the SARS epidemic